

## **EXHIBIT 2**

22 States do not provide access to Chapter 9 Bankruptcy	16 States set conditions for Municipal Bankruptcy	12 States provide Blanket Authorization
<p>-Georgia explicitly denies access to municipal bankruptcy. (GA Code 36—80-5)</p> <p><b>States with No Statutes:</b></p> <p>Alaska Delaware Hawaii Indiana Kansas Maine Maryland Massachusetts Mississippi New Hampshire New Mexico North Dakota Rhode Island South Dakota Tennessee Utah Vermont Virginia West Virginia Wisconsin Wyoming</p>	<p>Connecticut Idaho Illinois Iowa Kentucky Louisiana Michigan Montana Nevada New Jersey New York North Carolina Ohio Oregon Pennsylvania Washington</p>	<p>Alabama Arizona Arkansas California Colorado Florida Minnesota Missouri Nebraska Oklahoma South Carolina Texas</p>

## States with Blanket Authorization

1. Alabama (AL Code §11-81-3)
2. Arizona (AZ Code §35-603)
3. Arkansas (AK Code §14-74-103)
4. California (CA Code §53760)
5. Colorado (32-1-1403)
6. Florida (FL Stat §218.01)
7. Minnesota (§471.831)
8. Missouri (MO §427.100)
9. Nebraska (NE §13-402)
10. Oklahoma (OK Code §62-283)
11. South Carolina (SC Code §6-1-10)
12. Texas (TX Code §140.001)

## States with conditions for Municipal Bankruptcy

1. Connecticut: A municipality must receive express written consent from the Governor to file for chapter 9 bankruptcy. If the Governor approves a bankruptcy he/she must submit a report to the Treasurer and the joint standing committee of the General Assembly explaining the reasons for consent. (CT Gen Stat. §7-566)
2. Idaho: A taxing district in the state is authorized to file petition for chapter 9 bankruptcy provided that the taxing district adopts a resolution to authorize the filing.
3. Illinois: Illinois law provides for the establishment of a financial planning and supervision commission to oversee the finances of an entity that has been declared to be in a fiscal emergency by the Governor. The Governor may establish a commission when the city is 180 days in default of debt; it has not made payment on 20% of its payroll, or the insolvency of the unit of local government. The unit of local government that has been declared to have a fiscal emergency is required to file a financial plan with the commission and the commission's financial advisor. The commission is authorized to make a written recommendation that the unit of local government file for chapter 9 bankruptcy code (§50 ILCA 320/1-14)

4. Iowa: A city, county, or other political subdivisions is authorized to file for chapter 9 bankruptcy if they are insolvent and the debt is involuntarily incurred. The statute specifically states that a valid and binding collective bargaining agreement or previously authorized bond issues are not eligible debts. (IA §76.16, IA §76.16A)

5. Kentucky: Taxing agencies in Kentucky are authorized to utilize the Federal Bankruptcy Act. However, Counties must have their plan approved by the state local debt officer and the state local finance officer in order to file for bankruptcy. (KY §66.400)

6. Louisiana: The Governor and the Attorney General must provide consent, approval, and authority in order for a taxing entity to file a plan of readjustment of its debts in a United States court. (LA §13:4741)

7. Michigan: The governor may appoint a "review team" to make an assessment and, if needed, negotiate a consent agreement with local government concerning long-range plans for financial recovery. (§141.1213)

8. Montana: The local entity must adopt an ordinance or resolution declaring that it meets the requirements for chapter 9 bankruptcy. The state or any department or agency holding securities for the local entity must consent to the plan of adjustment. (MT §7-7-132, §7-7-133, §7-7-134)

9. Nevada: Nevada has no specific provisions authorizing municipal bankruptcy. They do however have provisions that allow for the Nevada Tax Commission to provide Technical Financial Assistance. The authorities of the Nevada Tax Commission include taking control over the local government or possible dissolution of local government in certain circumstances. (354.675, 354.685, 354.686, 354.695, 354.701, 354.705, 354.715, 354.721, 354.723, 354.725, 354.725)

10. New Jersey: The Municipal Finance Commission must approve both the filing of the bankruptcy petition as well as any plan of adjustment. Once the Municipality has been in financial default to bondholders or noteholders for more than 60 days, the commission may intervene to manage the financial affairs of the municipality.

NJ Gen Stat (§52:27-40)

11. New York: New York authorizes a municipality, emergency financial control board to file for adjustment of municipal indebtedness (NY CLS Loc. Fin §85.80 & 85.80). New York City must get authorization from the New York State Financial Control Board to file for bankruptcy.

12. North Carolina: Requires pre-approval by the Local Government Commission (State Treasurer, State Auditor, Secretary of State, Secretary of Revenue, and five appointees). (NC Gen Stat §23-48)

13. Ohio: A taxing authority must file a petition with the tax commissioner stating that they are insolvent and unable to meet their debts and that they would like to file a plan for readjustment of debts. The tax commissioner must approve the request to file for bankruptcy. (OH Code §133.36) Ohio Code also has statutes requiring fiscal integrity of municipal corporations and establishes a system of fiscal watch for financially distressed municipalities. (OH Code §118.02, §118.021, §118.022, §118.023)

14. Oregon: Oregon law allows irrigation or drainage districts to file for bankruptcy. There is no specific authorization for other public entities to file for chapter 9 bankruptcy.

15. Pennsylvania: An authority that has outstanding *bond debt* is not eligible to file for relief under Federal Bankruptcy law. Additionally, cities of the first class are required to get written authorization from the Governor in order to file for chapter 9 bankruptcy. (53 PA Stat.

§12720.211) Pennsylvania has also established the Pennsylvania Intergovernmental Cooperation Authority to provide financial oversight to the city of Philadelphia. (53 PA Stat 12720.101)

16. Washington: A taxing district in the state is authorized to file petition for chapter 9 bankruptcy provided that the taxing district adopts a resolution to authorize the filing. (39.64.040 & 39.64.050).

### 22 States do not allow access to Chapter 9 bankruptcy

-Georgia explicitly denies access to municipal bankruptcy. (GA Code 36—80-5)

#### **States with No Statutes:**

Alaska  
Delaware  
Hawaii  
Indiana  
Maine  
Maryland  
Mississippi  
Nevada  
New Hampshire  
New Mexico  
North Dakota  
Rhode Island  
South Dakota  
Tennessee  
Utah  
Vermont  
Virginia  
West Virginia  
Wisconsin  
Wyoming